

169-6221

29 DEC 1969

Mr. Wilfred H. Kommel
Assistant Director for
Legislative Reference
Bureau of the Budget
Washington, D. C. 20503

Dear Mr. Kommel:

We have carefully reviewed the proposed change in the fiscal year as related in your memorandum of 6 November 1969. We find no specific benefit for the Agency from the change nor are we opposed to the proposal.

You asked in your letter for our preference of the various alternatives presented in the draft bill for sections 6, 8 and 9. The methods employed by Congress in approving the Central Intelligence Agency program and funds are not applicable to the technical provisions covered by section 6. As for sections 8 and 9, we would strongly favor Alternative B, the 18-month transition period.

Sincerely,

M. E. K. White
Executive Director - Comptroller

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MEMORANDUM FOR: Director, Planning, Programming and
Budgeting

SUBJECT : Change in the Fiscal Year

REFERENCE : Bureau of the Budget Legislative Referral Memo
dated 6 November 1969, same subject

1. Our comments concerning reference are provided herewith for inclusion as appropriate in such response to the Bureau of the Budget as you may prepare on behalf of the Agency.

2. We are in complete accord with the objectives of the draft bill. Insofar as the responsibilities of this Office are concerned there are no substantive considerations which would have any significant bearing in choosing between the sets of alternatives relating to the two problem areas identified by reference. It would appear in this connection, however, that there would be savings in the workload associated with budget preparation, preparation of supporting financial reports, "closing the books" etc. by the adoption of the transitional fiscal period of eighteen months (18) rather than six (6) months.



L. E. BUSH
Director of Finance

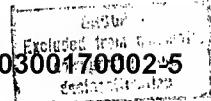
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EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON, D.C. 20503

November 6, 1969

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer
All Executive Departments and Agencies

SUBJECT: Change in the Fiscal Year

There are enclosed copies of (a) testimony offered October 23, 1969, on the above subject by former Deputy Director Hughes of this Bureau and (b) a first draft of a bill on the above subject.

You will note that on the basis of our present knowledge, our reaction is favorable to the proposal to change the fiscal year to a calendar year, but our ultimate position on this matter is deferred until the subject has been fully explored. Therefore, this draft bill should not be considered as a Budget Bureau proposal.

We will appreciate receiving from you, within 25 days if possible:

1. Your comments on the draft bill, including your preference where alternatives are included. You will notice that there are sets of alternatives in the draft bill, relating to two problems: first (in section 6), how to utilize the existing authorizations of appropriations for future fiscal years ending June 30; and second (in sections 8 and 9), whether the transitional fiscal period should be 6 months or 18 months in length. Of course, your comments on other portions of the bill will also be welcome.
2. Information as to the revisions of law relating to your agency and programs which would require adjustment under the proposal, and the nature of the adjustment you would like to have made. This need not be in the form of a draft bill, although .

such a format would be acceptable, but in any event the answers should be specific enough to enable us to lay them before the Congressional committees that may deal with the change in the fiscal year.

3. Your reaction to a further suggestion not included in the testimony or in the draft bill, that in the case of grant-in-aid programs the Federal grant on a calendar year basis be available to the states for use during the states' own fiscal years which begin next after the new Federal fiscal year. That is, the proposition that the grant-in-aid laws be changed, if necessary, to permit a grant appropriation for the calendar year 1973, for example, to be used by a state in the period July 1, 1973 to June 30, 1974 if the state retains the fiscal year beginning July 1.

Questions should be referred to Carl W. Tiller, code 103, ext. 3744, or to Jerry Sohns, code 103, ext. 3868, the legislative analyst in this office.

Wilfred H. Rommel

Wilfred H. Rommel
Assistant Director for
Legislative Reference

Enclosures

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
Washington, D. C. 20503

FOR RELEASE ON DELIVERY
Expected at 10:00 A.M.
Thursday, October 23, 1969

STATEMENT OF PHILLIP S. HUGHES
DEPUTY DIRECTOR OF THE BUREAU OF THE BUDGET
BEFORE THE SUBCOMMITTEE ON CONGRESSIONAL REORGANIZATION
OF THE HOUSE COMMITTEE ON RULES

Mr. Chairman and Members of the Subcommittee:

We are pleased to know that the Subcommittee is giving attention to a possible change in the fiscal year. This is one step which will help unscramble the present situation of hesitancy, confusion, and uncertainty over the Government's program and budget that characterizes the start of every fiscal year. A change in the fiscal year will not in itself solve all of the problems along this line, however, and it will create some additional problems.

In summary, we favor a change in the fiscal year, but believe that the complexities and ramifications of such a change should be carefully explored and planned for.

I think it might be helpful if I elaborated in some detail on our explorations of this subject.

The problem of late action on the budget

In every recent year, it has been necessary for the Government to start its fiscal year with many regular appropriation bills awaiting enactment. In the last six years, only six appropriation bills have become law by July 1st, out of a total of 73 regular appropriation bills for those years. Seven bills have been six months or more beyond June 30th. A temporary ("continuing") appropriation act is enacted to tide the agencies over, since the Constitution forbids spending in advance of appropriations.

This record of performance in recent years contrasts sharply with the "good old days" before the Twentieth Amendment, when the regular session of Congress began in December and ended March 3 in every alternate year, because the Congressional terms then expired. For the fiscal year 1934, for example, the 9 regular appropriations became law as follows:

2 in February,

5 in March, and

2 in June.

The late enactment of appropriations is greatly disruptive of programming and management processes. Both in the field and in Washington, managers are left in doubt as

to their funds for the year and the steps they can take within available resources to meet the program requirements that materialize. It is difficult, also, to manage expenditures and net lending for the Government as a whole, in relation to receipts, when there is uncertainty for such a long time at the start of each year as to the budget authority being granted by the Congress.

The problem of waiting for authorizations

A major cause of Congressional delay on the budget is the time required for the enactment of "substantive" or "authorizing" legislation in the case of the many authorizing laws which expire each year. In each recent year, 30 to 35% of the Federal funds portion of the budget was dependent upon renewal or extension of authorizing legislation. The comity arrangement among the committees, fixed in the rules of each House, forbids the consideration of appropriation items in advance of the time that they are authorized by law.

For example, when the temporary appropriation act was before the House last June 24th, Congressman Bow pointed out that the House Appropriations Committee was still awaiting enactment of "some 39 or 40" authorizing bills.

In testifying before the Joint Committee on the Organization of Congress on August 31, 1965, then Budget Director

Charles L. Schultze singled out this matter as one of the "real problems of Congressional action on the budget." He suggested in answer to questions from that Committee at a hearing on September 9, 1965, that authorizations be enacted to cover at least four years, instead of only one year at a time, and that authorizing legislation might well be in terms of goals or objectives (for example, so many units of housing to be provided) rather than in terms of monetary limitations, leaving it to the appropriations process for Congress to determine the quantity and quality of program that would be appropriate each year and the dollars to be made available.

Certainly, a better time relationship between the authorization and appropriations process is needed if our financial system is to be an orderly one. If annually-expiring authorizations are retained in any number, every effort should be made to get them enacted early in the session. A change in the fiscal year will not solve this problem, nor can it be successful if this problem isn't solved.

A calendar fiscal year could be helpful

A January 1 to December 31 fiscal year would give the Congress more time to enact authorizations and appropriations

each session before the start of the fiscal year. For that reason, preeminently, we favor such a change from the present July 1 to June 30 year. It is our hope that under such a new schedule, every regular appropriation bill, and if necessary, a "cleanup supplemental" would be finished each fall before Congress adjourns. We would also hope that revenue legislation would be enacted in an equally timely manner. If these are accomplished, we could make an orderly start on the fiscal year each New Year's Day.

It is as logical now to change to a new fiscal year, as it was in the period 1842-1844, when the July 1-June 30 period was adopted. Prior to that time, the fiscal year was on the calendar year basis. Congress, starting a regular session each December, as they had done since the fall of 1789, was unable to enact appropriations in the 3 to 4 weeks before January 1 arrived, and consequently the Government suffered from the same problem as now -- it was necessary to start the fiscal year with great uncertainty as to the appropriations to become available. Therefore, it was decided to change the starting point of the fiscal year to a date which would give Congress sufficient time -- it was thought -- to complete its appropriation action. Now that circumstances have changed, it is equally desirable to again push the fiscal year forward -- around to the calendar year again -- with

the objective of giving the Congress sufficient time to complete its constitutional duties regarding the power of the purse.

The timing of the budget for a calendar year

The timing for submitting the budget to Congress should be changed when the fiscal year is changed.

The Budget and Accounting Act of 1921 provides that the budget must show the actual results for the fiscal year last completed prior to its submission, as well as fresh estimates for the fiscal year current at the time it is prepared, and recommendations for the fiscal year just ahead. This is sound, for both the Appropriations Committees and the Bureau of the Budget find it useful for the estimates to be "anchored" to actual data, rather than building estimates upon estimates.

Under the present calendar, agencies are given 91 days after the June 30 close of the fiscal year to close their accounts, and, even so, many are late in reporting final figures to the Treasury Department and the Bureau of the Budget. The Government's accounting is necessarily far-flung -- around the world -- to match the distribution of management responsibilities in the several agencies. Under present scheduling, the Bureau of the Budget has sufficient time to obtain the final figures and get them into schedules for printing in the Budget. The Budget must be presented to Congress in the first 15 days of a regular session of Congress.

If the fiscal year closes December 31, it would be impossible for us to have a budget ready in January that contained real figures in the "actual" column for the year just ended. We have considered the possibility of seeking an amendment to the budget law to permit us to revert to actual figures for a year earlier (and therefore show four columns in the budget -- one, actual for a year over 12 months back; two reestimated, for the year just ended and for the year in progress; and one, recommendations for the "budget year"). However, we are wondering whether it is practicable to use estimates for a year already ended, or to use such old data for our "actual" base. Further, it is very difficult for us to get the budget ready in January now, when one or two appropriation acts are enacted as late as December; if a large part of the appropriation bills came in December, we would be unable to get the current-year column of the budget on an accurate basis in the little time available.

Therefore, we believe that the submission of the Budget should be deferred under a calendar year arrangement. The earliest possible date would be in April. We suggest, therefore, that the Budget be submitted on one of the first 10 days in April that Congress is meeting.

The timing of related Executive actions

The Budget and the Economic Report of the President are so closely related that it would not be practicable to place one in April if the other is finished in January. Therefore, we believe a change in the fiscal year should also be accompanied by a change in the timing of the Economic Report -- also to April, or later.

Frankly, we see problems in this. If the President retains the practice of presenting a State of the Union message shortly after the convening of Congress, some of the budget policy task may still have to be done on the present schedule.

Also, in order for Congress to act expeditiously on the renewal of expiring authorizations, as well as on new legislative proposals, it will probably be desirable for at least a portion of the Administration's legislative proposals to reach the Congress well ahead of the Budget -- perhaps in January, or February.

Thus, the character of the Budget may change. At present it is one of the first presentations of much of the President's proposed legislative program, in more detail than the State of the Union message, but consistent with it. In the future, it may become more of a summing up, in the context of fiscal policy, of some program items already presented publicly and to the Congress.

Arrangements for the transition

We have addressed ourselves to three principal questions relating to the transition from the present fiscal year to the new year:

- How long a special transition period should be planned to bridge the gap from June 30 to some January 1?
- What should be done about authorizations for appropriations for the special transition period?
- What should be done about authorizations for appropriations already in the law for the next several fiscal years ending June 30?

When the fiscal year was last changed, a special 6-months "year" was created, from January 1 to June 30, 1843, to bridge the gap between the old and the new. The least interruption of historical statistics would occur if we again made it a 6-months transitional period, from the last June 30 on the old basis to the next December 31, permitting the new fiscal year to begin on the following January 1. However, this has the disadvantage of putting the agencies and the Congress through two budget seasons -- for example, if the last year on the old basis ended June 30, 1971, we would have a 6-months budget for July-December 1971 submitted in January 1971, and a 12-months budget for January-December 1972 submitted in April 1971 -- both requiring Congressional

action in the 1971 session. This might prove such a workload strain that the whole concept would bog down.

An alternative would be an 18-months transitional "year". Such an arrangement might frighten some persons because the size of the 18-months budget would be so much larger than we are accustomed to, but consideration of the circumstances should dispel any fears. Even with an 18-months period, we would probably seek administratively to divide the actual financial data into a 6-months period and a 12-months period, for the sake of establishing a foundation for future comparability studies.

The renewal of expiring authorizations can be fitted into the length of the transitional "year". If it is an 18-months year, we would expect to submit renewal legislation in a timely manner to establish 18-months authorizations before the Appropriations Committees are called upon to act.

We would like a chance to consult with various agencies and the Appropriations Committees before finally making up our minds on this point.

More difficult is the matter of fitting into the authorizations expressed in annual segments for the next 4 or 5 years, already on the statute books, specifying years ending on June 30. In order to permit the Appropriations Committees to act on appropriations, within the rules of the House and the Senate, it will probably be necessary to convert these to authorizations for the years ending on December 31. One

Not applicable

way to do this is to submit amendatory legislation shortly after a change in the fiscal year is enacted; it is likely that this would involve a large volume of bills. Another alternative is to provide for a formula conversion; for example, take half the authorization for the year ending June 30, 1973 and half the authorization for the year ending June 30, 1974 and consider the resulting total to be the authorization for calendar year 1973. Still another device would be to amend the rules of both Houses so that appropriations would be kept within the larger of the two authorizations for the old fiscal years that overlap the new. We have also considered the possibility that Congress might consider delegating to the President the authority to set new authorization figures subject to a reorganization plan type of veto by either House; this would permit the flexibility to take account of both seasonal and secular trends in requirements for the various programs, still remaining within the general intent of Congress as to program scope and level.

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Because a failure to deal with the authorization problem could eliminate many of the advantages of changing to a new fiscal year, we believe it most desirable that the Congress deal specifically with this matter in the bill to change the fiscal year.

Other laws which may be affected

As indicated earlier in the testimony specific provision needs to be made to change the date for the closing of the accounts, now set at September 30 in 31 U.S.C. 701. Subject to further review with the Treasury Department and the agencies, we would be inclined to substitute the date of March 1.

Numerous statutes provide for annual reports to the Congress and set dates for such reports in January or at some other time early in the calendar year. Where these reports include financial data, as is sometimes required by law, or where they include program data that is on a fiscal year basis, it is likely that some deferment will be necessary in order to permit the closing of the accounts and the summing up of the statistics for the year. The statutes governing the submission of such reports might be changed by specific amendments processed through the appropriate committees. However, in order to avoid placing the administrators in an impossible position in the event that some statutory provision is overlooked or is not amended in a timely manner, we would suggest that the law to change the fiscal year might include a catch-all provision to extend the time for submission of such annual reports by an extra three months.

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There are probably numerous statutes which require administrative actions by certain dates that are geared to the

June 30 fiscal year. For example, some grant-in-aid statutes call for the application of formulas to determine the amount each state might be entitled to by some date such as June 1; in some cases there are dates by which states are to present proposals or plans, also premised on the old fiscal year. In order to make the change work, it will be necessary either to find all of these requirements and to request the Congress to make appropriate changes in the deadlines, or to provide for Executive action, perhaps subject to a legislative veto. This might also be done in the bill that changes the fiscal year.

The effective date

We believe there would be great merit in achieving a reform in this matter of delayed appropriations as soon as possible. Therefore it is our inclination to suggest that the change be made immediately after the close of the fiscal year for which the budget is now being prepared -- that is, as of June 30, 1971. If we have an 18-months transition period as I have suggested earlier, this would start us off on the new calendar fiscal year on January 1, 1973. These are the earliest dates that seem feasible.

However, there are several factors which might point toward a later effective date. One of these is the complexity of related changes in existing legislation -- the point which I explained a few moments ago.

The second factor which might be considered is that of Federal-State relations. In many respects we are seeking to promote a spirit of partnership between the national government and the state governments. 47 of the 50 states have fiscal years which like ours begin on July 1 and end on June 30. While the other three states seem to have accommodated to the difference in fiscal years, it is possible that some of the 47 will find that discrepancies between the Federal and State accounting periods will be bothersome to them, and they might want to consider a change in their fiscal year to match our own. Whether fiscal years are imposed by statute or by state constitutions, the amending process can be a slow one. We are not yet sure of the importance of this factor to the timing of action.

There is still one other factor in the situation. In line with the recommendations of the bi-partisan President's Commission on Budget Concepts report made in October 1967 and the directive of President Nixon issued on February 22, 1969, we are currently engaged in the effort to change the accounting basis for stating budget receipts and expenditures from cash to the accrual system. Our schedule calls for this to occur in the budget for the fiscal year 1972. The dates I mentioned a moment ago for the possible change in the fiscal year would coincide with this cash-to-accrual change under our present

plans. It may be desirable to accomplish these two major changes sequentially rather than simultaneously. We shall want to consult some of the agencies on this point.

Conclusion

We favor a change in the fiscal year to make it coincide with the calendar year. Such a change, however, will not be a panacea and is certainly not a substitute for other possible reforms in the budget and appropriations process. We have not had an opportunity to explore adequately the implications of a change in fiscal year with the Appropriations Committees. Clearly, these Committees are the most directly concerned in the Congress and their views are correspondingly vital. In any event, the process of effecting the change, will be complex, and there are aspects of it which require further study. We are proceeding with such a study in consultation with representatives of various agencies.

A BILL

To change the fiscal year of the United States, and the time of the transmittal of the Budget and the Economic Report to the Congress, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

THE FISCAL YEAR

Section 1. That section 237 of the Revised Statutes of the United States (31 U.S.C. 1020) is amended to read as follows:

"Sec. 237. The fiscal year of the United States in all matters of accounts, receipts, expenditures, estimates, and appropriations shall commence on January 1 of each year and close as of December 31 of the same year."

TIMING OF THE BUDGET

Section 2(a). The first sentence of section 201(a) of the Budget and Accounting Act, 1921, as amended (31 U.S.C. 11) is amended to read as follows:

"The President shall transmit to Congress during the first ten days in which either House of Congress is in session in April each year, the Budget for the

succeeding fiscal year, which shall set forth his Budget message, summary data and text, and supporting detail."

(b) Clause (5) of section 201(a) of the Budget and Accounting Act, 1921, as amended (31 U.S.C. 11) is amended by substituting the words "January 15" for the words "October 15".

TIMING OF THE ECONOMIC REPORT

Section 3(a). Section 3 of the Employment Act of 1946 as amended (15 U.S.C. 1022) is amended by substituting the words "April 25" for the words "January 20".

(b) Section 5 of the Employment Act of 1946 as amended (15 U.S.C. 1024) is amended by substituting the words "not later than 40 calendar days after receipt of each Economic Report" for the words "not later than March 1 of each year (beginning with the year 1947)".

CLOSING OF THE ACCOUNTS

Section 4(a). Subsection (a) of section 1 of the Act of July 25, 1956, Public Law 84-798 (3. U.S.C. 701) is amended by substituting the words "December 31" for the words "June 30".

(b) Subsection (b) of section 1 and section 3 of the Act of July 25, 1956, Public Law 84-798 (31 U.S.C. 701(b), 703) are amended by substituting the words "March 1" for the words "September 30" each time they appear.

ANNUAL REPORTS

Section 5. Each provision of law, in effect at the time this law is enacted, which requires that there be submitted to Congress in January, February, or March a report of activities, financial affairs, or operations of a department, bureau, or other establishment of the Government is amended to extend the time for such submission by three months.

AUTHORIZATIONS OF APPROPRIATIONS AND LIMITATIONS

Section 6 (Alternative A). Authorizations for appropriations or other budget authority, and limitations on the use of appropriations or other budget authority, heretofore established for fiscal years which (1) were expected to end on June 30, and (2) coincide with all or part of a fiscal year or years established by or pursuant to this Act, shall be distributed proportionately by months over the fiscal years as established by or pursuant to this Act.

Section 6 (Alternative B). In order to convert existing authorizations of appropriations and limitations to the fiscal years provided by section 1 hereof, the President shall submit to the Congress not later than January 15, 1970, a schedule or schedules showing the authorizations then in effect, restated in amounts which he deems advisable pertaining to the new fiscal years, *level*. Provided that, such restatement

shall be as consistent as possible with the authorizations and limitations heretofore enacted, but shall take account of the changes in fiscal years, including seasonal and secular trends in requirements. The restatements of authorizations and limitations so determined and transmitted by the President shall take effect, and shall be considered to modify and supersede the respective provisions of law, but only to the extent that, within 60 calendar days thereafter, neither House of Congress has adopted a resolution which specifically disapproves such restatements. The recommendations of the President which take effect under this section shall be printed in the Statutes at Large in the same volume as public laws.

Section 6 (Alternative C). This section is enacted by the Congress as an exercise of the rule-making power of the Senate and of the House of Representatives, respectively, and as such it shall be considered a part of the rules of each House, respectively, or of that House to which it specifically applies; and with full recognition of the constitutional right of either House to change such rule (so far as it relates to the procedure in such House) at any time, in the same manner, and to the same extent as in the case of any other rule of such House. For the purpose of applying such rules as require that appropriations and amendments thereto shall be considered only if they are for expenditures primarily authorized by law,

appropriation for a fiscal year ending December 31 shall be deemed so authorized, if it does not exceed the higher of (i) the authorization for such purpose for the fiscal year ending June 30 of the same calendar year, or (ii) the authorization for such purpose for the fiscal year ending June 30 of the following calendar year.

DATES FOR CERTAIN ADMINISTRATIVE ACTIONS

Section 7. Each statute in effect at the time this law is enacted which fixes dates or time limits for administrative actions relating to the management of finances, such as the apportionment of grants among the States or the receipt of applications for financial assistance from Federal funds is amended by changing such dates or time limits to allow the same span before or after January 1, as has heretofore been allowed before or after July 1. The President, by proclamation, shall announce a schedule of such changes in dates and time limits, which shall be *prima facie* evidence of the effect of this section.

EFFECTIVE DATE

Section 8 (Alternative A). The fiscal year ending June 30, 1971, shall be the last such year under laws previously enacted, and the fiscal year beginning January 1, 1972,

shall be the first full fiscal year under this Act. The sections of this Act which relate to action to be taken prior to the commencement of the fiscal year shall be effective at the specified times of the calendar year 1971, and the other sections preceding this section shall be effective January 1, 1972.

Section 8 (Alternative B). The fiscal year ending June 30, 1971, shall be the last such year under laws previously enacted, and the fiscal year beginning January 1, 1973, shall be the first regular fiscal year under this Act. The sections of this Act which relate to action to be taken prior to the commencement of the fiscal year shall be effective at the specified times of the calendar year 1972, and the other sections preceding this section shall be effective January 1, 1973.

SPECIAL TRANSITIONAL 'FISCAL YEAR'

Section 9 (Alternative A). (a) The period commencing July 1, 1971 and ending December 31, 1971 shall be designated as the supplemental fiscal year 1971. The provisions of law which relate to accounts for a fiscal year shall be applicable to this period as if it were a complete fiscal year.

(b) The President's Budget for the supplemental fiscal year 1971 and for the two fiscal years 1972 and 1973 may omit such comparative information for prior fiscal

year, otherwise required by the Budget and Accounting Act, 1921, as amended, as the President deems wise. Notwithstanding other provisions of law, such Budgets may be prepared in such form and detail as the President may direct.

Section 9 (Alternative B). (a) The period commencing July 1, 1971, and ending December 31, 1972, shall be designated for all purposes pertaining to the fiscal year of the Government of the United States as the fiscal year 1972.

(b) The President's Budget for the fiscal years 1972, 1973, and 1974 may omit such comparative information for prior fiscal years, otherwise required by the Budget and Accounting Act, 1921, as amended, as the President deems wise. Notwithstanding other provisions of law, such Budgets may be prepared in such form and detail as the President may direct.

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SECTION-BY-SECTION ANALYSIS
OF A BILL "TO CHANGE THE FISCAL YEAR OF THE UNITED STATES AND
THE TIME OF THE TRANSMITTAL OF THE BUDGET AND THE ECONOMIC
REPORT TO THE CONGRESS, AND FOR OTHER PURPOSES"

Section 1. This section will change the fiscal year of the United States from July 1-June 30 to January 1-December 31. Since the fiscal year is applicable not only to the Treasury, but also to other departments and establishments, the proposed wording relates to "the fiscal year of the United States"; the present wording of the section of law being revised refers to "the fiscal year of the U.S. Treasury".

Section 2. This section will change the date for the transmittal of the annual budget to the Congress. The present requirement calls for such transmittal during the first 15 days of each regular session of Congress; since sessions begin on January 3 or thereabouts, the transmittal occurs in the month of January. The Budget is required to contain actual data on receipts and expenditures for the preceding fiscal year, but if the fiscal year runs through December 31, the accounts could not be closed in time to present such actual data in the Budget. Also, there would be considerable difficulty in preparing the Budget if the appropriations for the current year then in progress had not yet been fixed at the

time that the Budget for the next year is being formulated. In order to provide the Congress with accurate data on the past year and the current year as a basis for considering the budget estimates, it is deemed advisable to shift the date for presentation of the Budget. The earliest practicable time for the Budget presentation appears to be April. A Congressional recess related to the Easter season often occurs in the month of April, and therefore the proposed submission is stated in terms of the days that Congress is in session, rather than in terms of calendar days. The second portion of this section relates to the date fixed by statute for the submission of estimates not subject to Presidential review -- those for the Legislative Branch and for the Supreme Court. In order that they may be included in the Budget they are currently required on October 15, a date approximately three months before the Budget is presented. The bill changes that date to January 15, to be consistent with the change in the transmittal date.

Section 3. The Employment Act of 1946 requires the submission of an Economic Report each year by the President, and it also calls for the review of each Economic Report and a report thereon by the Joint Economic Committee of the Congress. The Economic Report and the Budget are so intimately related, both in policy formulation and in the use of detailed data, that it is not feasible to defer one and not the other. In normal practice, the Budget has appeared one to three days ahead of

the Economic Report. This section of the bill will move the deadline for the Economic Report from January 20 to April 25. It will also change the deadline for the report by the Joint Economic Committee from March 1 to 40 calendar days after receipt of the President's Economic Report, thus allowing the Committee approximately the same time interval as at present but relating to the date the report is actually submitted, rather than the deadline date.

Section 4. If the fiscal year is changed, the dates for the closing of the accounts must similarly be adjusted. This section will substitute the new final day of the fiscal year, December 31, for the June 30 date appearing in the account closing law. At present the law allows three months -- until September 30 -- for the necessary bookkeeping and examining work to be done to close the accounts. In order to permit submission of the Budget in April, however, it will be necessary to reduce the time for closing the accounts. The bill proposes a March 1 date which in effect reduces the closing time from the present 92 days to 60 days (or 61 days in the case of a leap year).

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Section 5. Certain laws pertaining to particular departments and establishments provide for an annual report to the

Congress. Either as a result of statute or custom such annual reports often contain financial information for the preceding fiscal year; in most cases the program information is also on a fiscal year basis. With a change in the end of the year and in the dates for closing of the accounts, it will be necessary in many cases to defer the submittal of these reports to the Congress. It is anticipated that in general the legislative committees having cognizance over these matters will wish to review the existing law and consider amendments for the particular departments and establishments involved. However, in order to avoid creating an impossible situation for department and agency heads, this bill contains a "catch-all" provision to extend the time for submittal of annual reports by three months beyond the present requirements. This provision would not be operative with respect to any reporting date established by statutes enacted after this bill has become law.

Section 6. There are many statutes which authorize appropriations for the conduct of the Government. Some of these, widely scattered throughout the United States Code, authorize specific amounts for each of the next few fiscal years. There are also statutory provisions which establish monetary limitations on obligations or expenditures from other appropriations and funds. It is expected that enactment of this

bill will be followed by review on the part of committees of Congress having cognizance over these matters and will result in proposals for restatement of the authorizing and limiting amounts to conform to the new fiscal periods. In the event that some items are overlooked in such a review or that revising legislation is not enacted in a timely manner, section 6 provides a "catch-all" remedy.

Three alternatives are included in this draft of the bill.

Alternative A for section 6. This section provides a simple formula approach for translating existing authorizations and limitations on a July 1-June 30 basis into amounts which would be applicable on a December 31-January 1 basis. It provides that one-half (six-twelfths) of the authorizations for each of the two old fiscal years shall be combined to make a full authorization for the new fiscal year. In the case of questions arising about authorizations of appropriations, each House would be in a position to settle the question for itself, with the assistance of its parliamentarian. In the case of limitations, final authority in applying the formula would rest with the Comptroller General of the United States as a part of his responsibility for exercising settlement powers over the accounts of the various accountable officers.

Bill
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Alternative B for section 6. This section confers upon the President the authority to translate existing authorizations and limitations into amounts for the new fiscal year, subject to a "reorganization plan" type of veto by either House of Congress within 60 calendar days after the President has made his determinations and communicated them to the Congress. This approach provides a standard within which the President's discretion may operate; the standard is to achieve consistency with the present provisions of law, allowing, however, for seasonal and secular trends in requirements which may make it impractical to apply a straight percentage formula or basis to the figures now imposed in the statutes. In the event of a Congressional veto over the President's determinations, there would then be no authorization for the relevant appropriations in effect for the new fiscal year, until the Congress considered and passed legislation to create such authorizations. In the event of a Congressional veto regarding limitations, the limitations previously found in the statutes pertaining to the July 1-June 30 period would remain in effect and the Executive Branch agencies would necessarily have to split their accounting periods so as to permit the Comptroller General to settle the accounts on the basis of the old limitations.

Alternative C for section 6. This section is written so as to make no change in the authorizations expressed in existing law, but to permit the authorization for either July 1-June 30 period in which a part of the new fiscal year (whichever is higher) falls to be applied in determining the limits on appropriations for the new year. [This alternative does not deal with the matter of limitations, other than authorizations, now in the law.]

Section 7. Throughout the existing body of Federal laws there are numerous dates and deadlines for executive action to be taken relating to the management of finances. All of these dates and deadlines have been established with the July 1-June 30 fiscal year in mind. For example, an agency head may be directed to apportion money for grants among the states by June 1 of each fiscal year. The change in the fiscal year will require that these too be altered. It is expected that the Committees having cognizance over these programs will review the laws and will submit proposals for revision of the laws. However, this section provides a "catch-all" remedy for those cases where the law is not revised in a timely manner. The section calls for dates of administrative action to be maintained in their existing relationship to the date

when the fiscal year starts. This is a simple calculation of dates in relation to the calendar. In order that there may be no confusion about such dates, however, it is provided that the President shall announce the new dates by proclamation. In the absence of a contrary adjudication arising out of litigation, the dates contained in the President's proclamation will be considered controlling. This section would not be applicable to dates that are fixed in legislation enacted subsequent to the approval of this bill.

Section 8. Under the provisions of this section the last fiscal year on the old basis will be the one ending June 30, 1971 and there are two alternatives for the first fiscal year on the new basis:

Alternative A for section 8. Under this option, the first year on the new basis will be the one beginning January 1, 1972 and ending December 31, 1972. The budget for the first new full fiscal year would be submitted in April 1971.

Alternative B for section 8. Under this alternative, the first year on the new basis will be the one beginning January 1, 1973, and ending December 31, 1973. The budget for this fiscal year would be submitted in April 1972.

Section 9. Provision is made for the gap between the fiscal year ending June 30, 1961 and the new fiscal year. This period between the two full fiscal years is also denominated as a "fiscal year" for purposes of applying the various laws pertaining to Government finances and accounts. Alternatives are provided, consistent with the alternatives for section 8:

Alternative A for section 9. Under this section, the President's Budget in January 1971 will cover only the six-months period, while his Budget in the following April will cover the first full fiscal year on the new calendar.

Alternative B for section 9. An eighteen-months transitional period is provided, thus avoiding the need for Congress to act on appropriations for two fiscal periods at one session, a procedure required with a shorter transitional period. Under this section, the President would submit an eighteen-months Budget in January 1971, and a twelve-months Budget for the first new fiscal year on a calendar year basis in April 1972.

Because of the possible confusion that might arise in the Budget submission in trying to make meaningful comparisons between six-month and twelve-month periods, or between twelve-month and eighteen-month periods, provision is made for the President to exercise special flexibility as to the form and detail of the budgets which would otherwise include data for the extra

fiscal year. These special situations will require careful thought in order to make the budgets intelligible. It is expected, however, that successive budgets through and beyond the time of the transition will provide full coverage for all periods of time, so that historically there will be no omission in the budget record of transactions.

29 DEC 1969

Mr. Victor Zafra
Legislative Analyst
Bureau of the Budget
Washington, D. C. 20503

Dear Mr. Zafra:

Pursuant to our telephone conversation this afternoon, I enclose herewith copies of the "package" of material which we transmitted to the President of the Senate and Speaker of the House of Representatives in connection with our bill "To Amend the Central Intelligence Agency Retirement Act of 1964 for Certain Employees, as amended, and for other purposes."

Sincerely,

SIGNED

John M. Maury
Legislative Counsel

Enclosure

SECRET

JOURNAL

OFFICE OF LEGISLATIVE COUNSEL

Monday - 29 December 1969

25X1

1. [REDACTED] Talked to Mrs. O'Leary, in the office of Senator Stuart Symington, and suggested that in response to a constituent inquiry the Senator explain that as a member of the Agency Subcommittee he could certify the allegations that the Agency uses assassination tactics are completely unfounded.

25X1

2. [REDACTED] Received a phone call from George Murphy, Joint Committee on Atomic Energy staff, and assured him that the blind memo which I was sending over this morning contained all relevant facts included in a recent CS report regarding the disappearance and possible diversion to [REDACTED] of 200 tons of uranium.

25X6

3. [REDACTED] Checked with Mrs. Garziglia, in the Bureau of the Budget, on the status of H. R. 14571, the amendments to the CIA Retirement Act of 1964. Mrs. Garziglia said the bill would be going to the President either this afternoon or tomorrow morning. She said she would let us know when it is signed.

25X1

4. [REDACTED] In response to a telephone inquiry from Victor Zafra, Legislative Analyst, Bureau of the Budget, I explained that the estimated cost of our amended Retirement Act for FY 1971 was \$270,000. Mr. Zafra commented that this was a relatively insignificant figure and should raise no problems in connection with the President's signing of the bill.

In response to Mr. Zafra's request I forwarded to him copies of the "package" of material regarding our Retirement Act amendments as finally transmitted to the President of the Senate and the Speaker of the House of Representatives. Mr. Zafra explained that BOB desired this to ensure that the bill as finally passed was identical to the proposal as transmitted by the Agency.

SECRET

JOURNAL

OFFICE OF LEGISLATIVE COUNSEL

Wednesday - 24 December 1969

STATSPEC

25X1

1. [REDACTED] Delivered [REDACTED] which mentioned their names to the offices of Senators Dodd (D., Conn.), Mansfield (D., Mont.), Muskie (D., Me.), Mathias (R., Md.), and Goodell (R., N. Y.).

25X1

2. [REDACTED] Dropped off a set of Agency employment brochures at the office of Senator Abraham Ribicoff (D., Conn.) per his request.

25X1

3. [REDACTED] In response to her call, sent to Mrs. Garziglia, in the Bureau of the Budget, a letter from General Cushman to Mr. Mayo giving the Agency's views and recommendations regarding Enrolled Bill H. R. 14571, "To amend the Central Intelligence Agency Retirement Act of 1964 for Certain Employees, as amended, and for other purposes."

25X1

4. [REDACTED] Per her request, left the text of an 18 December Pravda article with Gertrude Sheer, in the office of Senator Jacob Javits (R., N. Y.). See Journal of 19 December 1969.

25X1A



cc:

ER

O/DDCI

25X1A

[REDACTED]

Mr. Houston

Mr. Goodwin

DDI DDS DDS&T

EA/DDP OPPB

SECRET

Journal - Office of Legislative Counsel
 Friday - 19 December 1969

Page 2

25X1

STATSPEC

4. [REDACTED] In response to her earlier call, spoke with Miss Gertrude Sheer, in the office of Senator Jacob K. Javits (R., N.Y.), who wanted for the Senator today the translation of the 18 December article in Pravda commenting on the Middle East peace plan speech last week by Secretary of State William Rogers. [REDACTED]

STATSPEC

25X STATOTHR

5. [REDACTED] Met with Miss Kathy Nelson, on the staff of Senator Stuart Symington (D., Mo.), regarding a constituent inquiry they had received from [REDACTED] of Kirkwood, Missouri. I told Miss Nelson that the Agency preferred not to comment officially on the Henry Taylor column which [REDACTED] had forwarded to Senator Symington. Miss Nelson knows that Taylor's column contains many inaccuracies and says she can handle this without anything further from us.

STATOTHR

25X1

6. [REDACTED] Picked up from Bill Woodruff, on the staff of the Senate Appropriations Committee, the letter signed by Mahon and Russell to the Bureau of the Budget on the Agency's appropriation for FY 1970. A copy of this letter has been forwarded to OPPB.

25X1

7. [REDACTED] Hand carried to Brian Corcoran, on the staff of Senator Henry Jackson (D., Wash.), a copy of the Director of Personnel's letter to Mr. [REDACTED] along with a covering letter to the Senator from the Director. Corcoran reviewed the correspondence and indicated his agreement in our handling of this matter.

25X1A

SECRET

1 - OPPB

1 - Chrono

18 DEC 1969

Mr. Wilfred H. Rommel
Assistant Director for
Legislative Reference
Bureau of the Budget
Washington, D. C. 20503

Dear Mr. Rommel:

This is to report on the legislative program of the Central Intelligence Agency for the Second Session of the 91st Congress in accordance with the requirements of Bureau of the Budget Circular A-19.

This Agency does not have a legislative proposal for inclusion in the President's legislative program.

The Agency transmitted proposed legislation to the First Session of the 91st Congress to bring the CIA Retirement Act of 1964 for Certain Employees, as amended, into conformity with certain changes made by P. L. 91-93 in the Civil Service retirement system. This transmittal was approved by your letter dated 23 October 1969. The proposal was introduced as H.R. 14571 on 29 October 1969, passed the House of Representatives on 1 December 1969, and is now pending before the Senate Armed Services Committee.

The Agency's legislative program for the last three Congresses has been devoted in large part to keeping the CIA retirement system up-to-date with improvements in the Civil Service retirement system. Consideration is being given to proposing legislation which would provide a more effective and efficient mechanism for achieving such conformity.

The Agency has no legislative proposals to make at this time.

Sincerely,

Distribution:

Orig & 1 - Addressee

1 - Subj

1 - BOB subj

1 - OPPB

1 - Chrono

SIGNED

25X1A

Acting Legislative Counsel

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OFFICIAL ROUTING SLIP

TO	NAME AND ADDRESS	DATE	INITIALS
1	Executive Director-Comptroller		
2			
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6			
ACTION	DIRECT REPLY		PREPARE REPLY
APPROVAL	DISPATCH		RECOMMENDATION
COMMENT	FILE		RETURN
CONCURRENCE	INFORMATION		SIGNATURE

Remarks:

Attached is a suggested reply to a BOB request for Agency views on draft legislation to change the fiscal year to a calendar year. Staff work on this was done by [redacted] of OPPB. We have made the response for your signature rather than mine in view of the nature of the subject matter.

John M. Maury
Legislative Counsel

FOLD HERE TO RETURN TO SENDER

FROM: NAME, ADDRESS AND PHONE NO.

DATE

OLC

7D43

18 Dec 69

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